The Board of Finance of the Consolidated City of Indianapolis and Marion County met on Friday, January 30, 2009, in Room 260 of the City-County Building, Indianapolis, IN. The following members were present:

Michael W. Rodman, Marion County Treasurer
David P. Reynolds, Controller, City of Indianapolis
Greg Bowes, Marion County Assessor
Billie J. Breaux, Marion County Auditor
Rodney M. Black, Business Manager, Indianapolis Public Schools

Also present:	Helen Watts	City of Indianapolis
	Tom Creasser	Treasurer's Office
	Cindy Land	Treasurer's Office
	Barney Levengood	Capitol Improvement Board
	Troy Judy	Capitol Improvement Board
	Jeremiah Wise	Treasurer, Indianapolis Airport Authority
	Rebecca Dixon	Indianapolis-Marion County Public Libraries
	Mary Kitchen	Health and Hospital Corporation
	Wayne Oteham	IndyGo
	Nancy Dorsa	Chase Bank
	Jennifer Moll	Huntington Bank
	Beth Bingham	Huntington Bank
	Hollie Theyssen	Flagstar Bank
	Sheila Spangler	RPS, LLC
	Mark Kichler	RPS, LLC
	Curt Fritsch	CRF Group

Mr. Rodman, Board of Finance President, called the meeting to order at shortly after 1:00 pm once it was determined that a quorum was present; Mr. Taylor, the Mayor's designee, was unable to attend. Mr. Rodman noted that he would be asking representatives of the units of governments to give highlights of their reports, emphasizing investments and diversification. He stated that the first item of business was to approve the Minutes from the March 31, 2008 meeting. A motion was made by Ms. Breaux and seconded by Mr. Reynolds to approve the minutes, and they were unanimously approved.

Election of Officers 2009 Board of Finance: Ms. Breaux made a combined motion to elect Mr. Michael Rodman to serve as President and to elect Greg Bowes as Secretary. The motion was seconded by Mr. Reynolds, and then unanimously approved.

Investment Officers' Reports:

Marion County Treasurer's Office: Mr. Rodman asked Mr. Creasser, Chief Deputy in the Treasurer's Office, to summarize the report for the Marion County Treasurer. Mr. Creasser noted that it had been a tumultuous year reflected in falling interest rates. Marion County's primary banking relationship is with Chase Bank, although many banks are used. Charter and Fifth Third Banks were competitive using high-yield savings accounts. Marion County also began using Trust Indiana during 2008, taking advantage of very good rates on overnight funds. Interest income was $10.4 million, which exceeded the amount originally projected. Mr. Creasser expects this to be reduced in 2009, as fewer dollars will be coming in as selected school funding obligations are being taken over by the State.

City of Indianapolis Office of Finance & Management: Mr. Rodman called on Helen Watts, Office of Finance and Management, to make the investment report for the City of Indianapolis. The City intentionally kept their funds easily accessible by mostly using high-yield savings accounts and overnight accounts through J.P. Morgan. In June, the City also placed $50 million in Trust Indiana funds, and found the earnings were generally good. The City of Indianapolis ended the year with $452 million invested, and earned $11.2 million interest income.

Mr. Bowes asked for a confirmation that Trust Indiana is the investment vehicle presented by the State Treasurer's Office to the Board of Finance at the last meeting. Ms. Watts confirmed this. She also confirmed Mr. Rodman's observation that Trust Indiana's rates were often higher than those of similar investments since Trust Indiana's rates were based on LIBOR, and were higher for a period of time in 2008. Mr. Bowes followed up by noting that as more local governments participated, the Trust might become even more advantageous, and Ms. Watts concurred.

Capital Improvement Board of Managers of Marion County: Mr. Rodman introduced Barney Levengood of the Capital Improvement Board/Indianapolis Convention Center (CIB). CIB's investments were in the Bank of New York, National City, First Indiana and M&I Bank, and some in Flagstar Bank. Total average interest rates for the year was 2.68% -- they were pleased that it was close to 3%; at the same time, variable interest rates for loans they were paying out were low. The total interest earned was $1,952,172.98 on funds of $819,863,781.

Mr. Bowes asked whether CIB had considered using Trust Indiana, and Mr. Levengood responded that they would certainly be willing to consider using Trust Indiana to leverage their investment money to the betterment of all units of government. Mr. Rodman asked for confirmation that Bank of New York was a State of Indiana Approved Depository, and Mr. Levengood confirmed that it is indeed. He also noted that CIB generally tries to use approved depositories within Marion County.

Health and Hospital Corporation: Mr. Rodman called on Mary Kitchen from Health and Hospital Corporation to present their report. Investment earnings for Health and Hospital Corporation totaled $5.2 million in 2008 compared with $10 million during 2007, mostly due to lower interest rates. Their interest rates ranged from a high of 3.85% to a low of .13%. Investment balances at the end of 2008 included $178 million with Chase high-yield, $9.7 million with Chase Treasuries, $4.5 million with First Indiana high-yield, $16.3 million with National Bank of Indianapolis, and $12 million with MBIA, for a total investment balance of $221 million.

Mr. Rodman thanked Ms. Kitchen, and reiterated that due to safety and soundness concerns, institutional diversity is critically important even while using State-approved depositories.

Indianapolis Airport Authority: Mr. Rodman asked Mr. Jeremiah Wise for his report on the Indianapolis Airport Authority. They have banking relationships with J.P. Morgan Chase, National City Bank which holds both operating funds and investment funds, and Bank of New York, which is the trustee for their bond-related funds and comprises the majority of their funds. They successfully completed their construction of the new airport in November 2008, so these funds will continue to decline – from a high of $685 in 2006 to a balance of about $330 million at the end of 2008. This end-of-year number also doesn't reflect interest payments which are made in January of the new year. Interest earnings declined from $25 million in 2006 to $12.2 million in 2008, reduced because of substantially less money to invest as well as lower interest rates. The Airport Authority has been fortunate because much of their funds are in long-term investments with guaranteed rates of 4.5% to 5%.

Mr. Rodman questioned why the IAA has continued investing with the same three banks and whether they have considered diversifying. Mr. Wise confirmed that they are investigating diversifying beyond their current three banking partners.

Mr. Bowes, in reviewing the IAA's financial report, observed that some funds had been invested with the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). Mr. Wise noted that State statutes allow them to invest in treasuries, as well as government agency securities such as Freddie Mac and Fannie Mae. Mr. Bowes acknowledged this, but requested additional information about the risk and return of those investments. Mr. Wise clarified that while the Airport Authority is focusing on maximizing yield, the investments mentioned are very short-term. He also emphasized that these investments are backed by the federal government, so the IAA is not taking a risk. Mr. Bowes asked for confirmation that these investments are using long-term locked-in rates, and Mr. Wise said that is true for the investments previously mentioned, and that, as of the date of the meeting, the IAA does not hold any of these investments with floating interest rates. Mr. Bowes thanked Mr. Wise for this explanation.

Indianapolis-Marion County Building Authority: Mr. Rodman noted that the Indianapolis Building Authority had submitted their report directly to him since a representative was unable to attend. He informed Board members that the Building Authority actually used the same 3 banks as the IAA – J.P. Morgan Chase, National City Bank, and Bank of New York – and he intended share his concern with Mr. Reinking about the importance of diversifying. Mr. Rodman noted that the total investment across the months seemed to average about $10 million for the year, which earned $193,842.76 in interest income during 2008.

Indianapolis Marion County Library Board: Ms. Rebecca Dixon, Chief Financial Officer for the Indianapolis Marion County Library, presented their report. The library had funds with JP Morgan Chase for their checking, sweep and high-yield savings accounts. The library also solicited competitive CD bids, using Flagstar Bank, Irwin Union Bank, Huntington Bank and National City Bank, and, as well as Trust Indiana. They earned $846,028 in interest income which was less than last year due to a lower cash-flow, a decline in funds following the completion of the new library construction, as well as the downturn in interest rates.

Mr. Rodman was wondering about a Library Board resolution in their financial report, and Ms. Dixon responded that the resolution would allow them to invest in the Hoosier Fund as a possible alternative investment, although they have not yet done so. The library is investing in the Trust Indiana Fund, with over $5 million invested at the present time.

Indianapolis Public Schools: Mr. Rodman called on Mr. Black to present the report for the Indianapolis Public Schools. Interest earnings were close to $7 million, which dropped substantially from a year ago, primarily based on market conditions. Their primary bank is Chase Bank, however IPS routinely uses several other institutions for CD investments throughout the year. The Board did pass a resolution in December for using the Trust Indiana fund, and they expect to do so soon. There were some issues that they had to deal with in the 4th quarter, not the least of which was the market crash. As a result, they let investments move into overnight accounts, and are putting them back out now. IPS also changed their financial software system which has caused some reporting delays.

Indianapolis Public Transportation Corporation: Wayne Oteham, Chief Financial Officer for the Indianapolis Public Transportation Corporation (IndyGo), explained that their overall average balance for the year is less than $20 million on deposit, with about half of that in their cumulative capital fund in anticipation of some capital projects. IndyGo banks with Chase Bank for disbursements primarily due to their accessibility, and uses Fifth-Third Bank for receipts, since processing fares collected on their buses is a very time-consuming and fee-intensive effort. IndyGo also uses Chase and Fifth-Third banks to generate investment income to try and offset fees. Interest income was around $312,000, and interest rates declined from 3% to less than 1% over the year. They also use US Bank for debt service payments on their bonds; the end-of-year balance is showing over a million dollars, however disbursements are made in January. In summary, most of their efforts are focused on liquid deposits to make sure that IndyGo can cover expenses from month-to-month.

Other Business:

Mr. Rodman asked for any questions or other business, and announced that there are typically follow-up meetings, and he expects that there will be a follow-up in 2009. Mr. Reynolds asked for clarification as to whether each unit that was required to report actually had done so, and Mr. Rodman confirmed that they had. There being no further reports or discussion, the meeting was adjourned.

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Michael W. Rodman, President

Attest:

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Greg Bowes, Secretary